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OFFICE OF THE
LEGISLATIVE AUDITOR
Baton Rouge, Louisiana
70801-1001

COMMUNITY ASSOCIATION FOR THE
WELFARE OF SCHOOL CHILDREN
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/4/08

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Certified Public Accountant



Donald C. DeVille

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INDEPENDENT AUDITOR'S REPORT

March 31, 2008

Members of the Board of Directors

Community Association For The Welfare of School Children
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of the Community Association For The Welfare of School Children (a non-profit organization) as of December 31, 2007, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Community Association For The Welfare of School Children's management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provided a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Association For The Welfare of School Children as of December 31, 2007, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated March 31, 2008, on our consideration of Community Association For The Welfare of School Children's internal control over financial reporting and our tests of its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

COMMUNITY ASSOCIATION FOR THE WELFARE OF SCHOOL CHILDREN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
ASSETS:			
Cash	\$239,732	\$-0-	\$239,732
Certificates of Deposit	10,852		10,852
Grant Receivable	1,479	-0-	1,479
Other Receivables-Rents	2,000	-0-	2,000
Prepaid Expenses	13,658	-0-	13,658
Fixed Assets, Net	238,112	-0-	253,056
	<u>520,777</u>	<u>-0-</u>	<u>520,777</u>
TOTAL ASSETS			
LIABILITIES & NET ASSETS:			
LIABILITIES:			
Notes Payable	\$51,595	\$-0-	\$51,595
Accounts Payable	4,453	-0-	4,453
Employee Withholdings	4,923	-0-	4,923
Accrued Wages Payable	3,062	-0-	3,062
Deferred Mini Grants	252,116	-0-	252,116
Lease Obligations	10,402	-0-	10,402
	<u>326,551</u>	<u>-0-</u>	<u>326,551</u>
TOTAL LIABILITIES			
NET ASSETS			
Unrestricted	194,226	-0-	194,226
	<u>194,226</u>	<u>-0-</u>	<u>194,226</u>
TOTAL LIABILITIES & NET ASSETS	<u>520,777</u>	<u>-0-</u>	<u>520,777</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

COMMUNITY ASSOCIATION FOR THE WELFARE OF SCHOOL CHILDREN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE AND OTHER SUPPORT:			
Contributions	\$28,017	\$-0-	\$28,017
Grants	395,394	-0-	395,394
Contract Fees	19,490	-0-	19,490
United Way	242,492	-0-	242,492
Membership Dues	225	-0-	225
Interest Income	1,818	-0-	1,818
Rental Income	26,600	-0-	26,600
Miscellaneous	10	-0-	10
Program Fees	40,161	-0-	40,161
Fund Raising	1,168	-0-	1,168
TOTAL REVENUE	<u>755,375</u>	<u>-0-</u>	<u>755,375</u>
EXPENSES:			
PROGRAM SERVICES			
Membership	738,555	-0-	738,555
SUPPORT SERVICES			
Management	82,059	-0-	82,059
Fund Raising	-0-	-0-	-0-
TOTAL EXPENSES	<u>820,614</u>	<u>-0-</u>	<u>820,614</u>
INCREASE IN NET ASSETS	(65,239)		(65,239)
NET ASSETS, Beginning of Year	<u>259,465</u>	<u>-0-</u>	<u>259,465</u>
NET ASSETS, End of Year	<u><u>194,226</u></u>	<u><u>-0-</u></u>	<u><u>194,226</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

COMMUNITY ASSOCIATION FOR THE WELFARE OF SCHOOL CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>		
	<u>MEMBERSHIP</u>	<u>MANAGEMENT</u>	<u>FUND</u>	
	<u>SERVICES</u>	<u>& GENERAL</u>	<u>RAISING</u>	<u>TOTAL</u>
SALARIES	\$253,563	\$44,746	\$-0-	\$298,309
PAYROLL TAXES	21,948	3,873	-0-	25,821
EMPLOYEE BENEFITS	8,364	1,476	-0-	9,840
ADVERTISING	13,411	-0-	-0-	13,411
PRINTING	30,469	5,377	-0-	35,846
INSURANCE	14,433	2,547	-0-	16,980
MAINTENANCE	41,697	7,358	-0-	49,055
DUES/SUBSCRIPTIONS	187	33	-0-	220
POSTAGE	1,524	269	-0-	1,793
TELEPHONE	4,401	777	-0-	5,178
MINI GRANT	66,191	-0-	-0-	66,191
OCCUPANCY	34,270	6,048	-0-	40,318
Rentals	3,375	-0-	-0-	3,375
SUPPLIES	25,758	4,546	-0-	30,304
EQUIPMENT EXPENSE	2,680	473	-0-	3,153
PROFESSIONAL	190,577	-0-	-0-	190,577
TRAVEL	6,406	1,130	-0-	7,536
CONFERENCE	76	14	-0-	90
INTEREST	1,249	220	-0-	1,469
DEPRECIATION	16,247	2,867	-0-	19,114
MISCELLANEOUS	1,729	305	-0-	2,034
TOTAL EXPENSES	<u>738,555</u>	<u>82,059</u>	<u>-0-</u>	<u>820,614</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

COMMUNITY ASSOCIATION FOR THE WELFARE OF SCHOOL CHILDREN
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in Net Assets \$(65,239)

Adjustments To Reconcile Increase In Net Assets

To Net Cash Provided By Operating Activities:

Depreciation 19,114

Debt Forgiveness (20,000)

(Increase) Decrease In Operating Assets:

Receivables 14,782

Prepaid Expenses (7,009)

Increase (Decrease) In Operating Liabilities:

Accounts Payable (15,470)

Withholding 4,684

Accrued Wages 1,114

Advances (25,867)

Deferred Revenue 247,055

Lease Obligations 10,402

NET CASH PROVIDED BY OPERATING ACTIVITIES 163,566

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Equipment (14,056)

Reduction in Certificates of Deposits 24,894

Total Cash Flows from Investing Activities 10,838

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of Long-Term Debt (9,949)

NET INCREASES (DECREASE) IN CASH AND CASH EQUIVALENTS 164,455

CASH AND CASH EQUIVALENTS, Beginning of Year 75,277

CASH AND CASH EQUIVALENTS, End of Year 239,732

SUPPLEMENTAL DATA:

Interest paid \$1,469

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

COMMUNITY ASSOCIATION FOR THE WELFARE OF SCHOOL CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE #1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Community Association For The Welfare of School Children (C.A.W.S.C.) is a Louisiana non-profit corporation, for the purpose of provide supplementary education and care to improve the well being of school children and families of targeted populations.

Contributed Services

Amounts have not been reported in the statements for donated services because they do not meet the criteria for recognition under SFAS No. 116. A substantial number of volunteers have donated significant amounts of their time to the Organization.

Contributions of service shall be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individual possessing those skills and would typically need to be purchased if not provided by donation.

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with ready determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

ACCOUNTS RECEIVABLE

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

COMMUNITY ASSOCIATION FOR THE WELFARE OF SCHOOL CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

PREPAID

Insurance and similar services which extend over more than one accounting period have been recorded as prepaid.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method over the estimated useful lives of 5 to 15 years.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted supported depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code, and classified by the Internal Revenue Service as other than a private foundation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMMUNITY ASSOCIATION FOR THE WELFARE OF SCHOOL CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of support, revenue and expenses, and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE #2. CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The Community Association for the Welfare of School Children maintains several bank accounts at one financial institutions. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

At December 31, 2007, the Organization had cash and cash equivalent (book balances) totaling \$239,732. These deposits are stated at cost, which approximates market. At year-end, C.A.W.S.C. had \$366,404 in deposits (collected bank balances) which was secured by \$132,910 FDIC insurance leaving \$233,632 at risk of loss.

NOTE #3. EQUIPMENT

Equipment at year-end consist of the following:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>BOOK VALUE</u>
Equipment	\$51,803	\$23,750	\$28,053
Vehicle	12,838	10,075	2,763
Buildings	360,535	188,544	171,991
Land	50,249	-0-	50,249
Total	<u>475,425</u>	<u>222,369</u>	<u>253,056</u>

COMMUNITY ASSOCIATION FOR THE WELFARE OF SCHOOL CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE #4. NOTES PAYABLE

The Association has a line of credit payable to Chase Bank is payable in monthly installments of \$931, at 8.5% interest. The note is secured by real estate. The note balance at December 31, 2007, is \$11,595. Future principal payments area as follows: December 31, 2008, \$11,595.

The Association also has a note payable to the City of Baton Rouge - Parish of East Baton Rouge (originally \$300,000) is a deferred payment non-interest bearing loan over fifteen year period. A pro rata portion of the loan will be forgiven annually if the property is used for the organization's activities that primarily benefit low income persons. The loan is secured by a building. The note balance at December 31, 2007, is \$40,000.

NOTE #5. DEFERRED REVENUE-MINI GRANTS

In November 2007, the Organization received \$400,000 mini grants from the Louisiana Executive Office. At year-end, the deferred grants was reduced to \$252,116 of unspent grant funds.

NOTE #6. BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE #7. CONTINGENCIES

The Community Association For The Welfare of School Children receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

COMMUNITY ASSOCIATION FOR THE WELFARE OF SCHOOL CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE #8 - RISK MANAGEMENT

The Community Association for the Welfare of School Children is exposed to various risks of loss related to torts, theft of, damage of and destruction of assets; errors and omissions and natural disasters for which the organization carries commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

NOTE #9. 403 (b) TAX-DEFERRED ANNUITY PLAN

The Organization has a 403 (b) Plan, where by the employee chooses to make pre-tax contributions and deferral of current taxes on interest and earnings. The purpose of the Plan is to reward eligible employees for long and loyal service by providing them with retirement benefits. Employee are eligible to participate in the Plan on the date of their employment. The Organization has the option to match employee contributions and contributed \$4,238 to the plan for the year ended December 31, 2007.

SUPPLEMENTAL INFORMATION



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

March 31, 2008

To the Board of Directors
Community Association for the Welfare of School Children Children
Children
Baton Rouge, Louisiana

I have audited the financial statements of the Community Association for the Welfare of School Children, Inc. as of and for the year ended December 31, 2007, and have issued my report thereon dated March 11, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Community Association for the Welfare of School Children, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

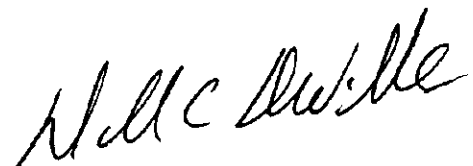
A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiency in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Association for the Welfare of School Children, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and distribution is not limited.

A handwritten signature in black ink, appearing to read "William C. Dwyer". The signature is written in a cursive, flowing style.

COMMUNITY ASSOCIATION FOR THE WELFARE OF School Children
SCHEDULE OF PRIOR YEARS AUDIT FINDINGS
FOR YEAR ENDED DECEMBER 31, 2007

	FISCAL YEAR		CORRECTIVE	
	FINDING		ACTION TAKEN	
REF	INITIALLY		YES	CORRECTIVE
NO.	OCCURRED	DESCRIPTION OF FINDING	NO	ACTION/PARTIAL
			PARTIALLY	CORRECTIVE
				ACTION TAKEN

None

COMMUNITY ASSOCIATION FOR THE WELFARE OF School Children
SCHEDULE OF CURRENT YEARS AUDIT FINDINGS
FOR YEAR ENDED DECEMBER 31, 2007

NONE